



THE PORT AUTHORITY OF NY & NJ

*Kenneth J. Ringler, Jr.
Executive Director*

September 12, 2006

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K. Street, NW
Washington, D.C. 20423-0001



Re: Staten Island Railroad (SIRR) 217542
Finance Docket No.: 34908 and 34909-217544
Notice of Modified Certificate of Public Convenience and Necessity and
Petition for Exemption, on behalf of CSX Transportation, Inc.,
Norfolk Southern Railway Company and Consolidated Rail Corporation

Dear Secretary Williams:

Please accept this letter expressing the Port Authority of New York and New Jersey's full support of the Notice of Modified Certificate of Public Convenience and Necessity and Petition for Exemption filed by CSX Transportation, Inc., Norfolk Southern Railway Company and Consolidated Rail Corporation regarding the reactivation of the Staten Island Railroad (SIRR).

Restoring freight service to Staten Island is vitally important to the Port Authority and the region it serves. Intermodal service is a fundamental component of port operations and for over a decade the Port Authority has pursued an aggressive program to increase shipments of marine containers by rail. A key element of the Port Authority's rail program is to provide dedicated on-dock or near-dock intermodal terminals for each of its major marine container facilities and, in furtherance of that objective, the Port Authority is currently investing more than \$500 million in rail-related port projects including the Howland Hook Marine Terminal on Staten Island, New York City. Now that construction is nearly complete, one of our most important challenges is to reactivate rail service to Howland Hook, which is the premier container facility in New York State, the only marine container terminal in New York City with potential direct rail access to the national network, and the largest private employer on Staten Island.

The Howland Hook Marine Terminal is a vital infrastructure asset that is key to the future ability of the Port of New York and New Jersey to handle the increasing demand for trade with other countries, and rail service is critical to the ability of the terminal to serve the demands of its customers in an efficient and environmentally friendly manner. Accordingly, reactivation of the rail service on Staten Island, New York as described in the Notice and Petition, is critical to both the growth of the Port and to the reduction of highway congestion in the New York – New Jersey region.

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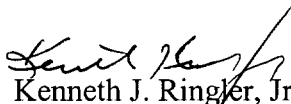
The Port Authority has reviewed the Petition, as well as the concurrently filed Notice of Modified Certificate of Public Convenience and Necessity in Finance Docket No. 34908, and concurs in the analysis and conclusion of those pleadings. The Port Authority has been working in concert with the New York City Economic Development Corporation ("NYCEDC") to reactivate this rail service on Staten Island, and concurs with NYCEDC's assessment that improvements to the right-of-way that are required for rail service will be completed in October 2006.

The Port Authority believes that the exemption requested meets the requirements of 49 U.S.C. §10502, and respectfully requests that the Petition be granted. Exemption of the proposed transaction under the expedited schedule proposed by the Petitioners is necessary to ensure that operations can commence as soon as possible.

In conclusion, the Port Authority respectfully requests that the Surface Transportation Board adopt the expedited schedule proposed by the Petitioners and to grant the Petition for Exemption so that the Petitioners can commence operations in October 2006.

Enclosed are the original and 10 copies of this letter. Please time and date stamp the additional copy of this letter and return it with our messenger. Thank you for your assistance.

Sincerely,


Kenneth J. Ringler, Jr.
Executive Director

cc: Mr. Jonathan M. Broder, Consolidated Rail Corporation
Mr. Paul M. Donovan, LaRoe, Winn Moerman & Donovan
Mr. John V. Edwards, Norfolk Southern Corporation
Mr. Louis E. Gitomer
Mr. Alex Menendez, Esq., McLeod Watkinson & Miller
Mr. Peter J. Shudtz, CSX Corporation
Mr. Charles A. Spitulnik, Esq., Kaplan Kirsch & Rockwell